D E C A

CREDIT Rate Proposal Overview
- R.12-06-013 -

June 25, 2013 Workshop

D E C A

Distributed Energy Consumer Advocacy

The era of policies oriented toward peak energy is over

The electricity markets of the next century will look fundamentally different from those of the previous century.

- Higher penetration of renewables

- Ramp/renewables integration replace peak energy as the system constraint.

- Wholesale energy prices fundamentally diverge from traditional resource stack pricing.

- Greater accessibility to the means of cost avoidance in the form of DG, etc.

Rate policies must be designed to reflect these changes

Rates must be designed to provide economic signals that reduce the overall cost of the system

- capture the value of capacity without suppressing the role of energy prices in signaling activities.

- recognize that ramp needs are unique elements of the market.

DECA's CREDIT rate proposal does this by being ramp-aware.

- Price signals that are designed to encourage the minimization of the diurnal ramp
- Incentives that provide capacity-like payments for electricity consumers based on their value to the grid.

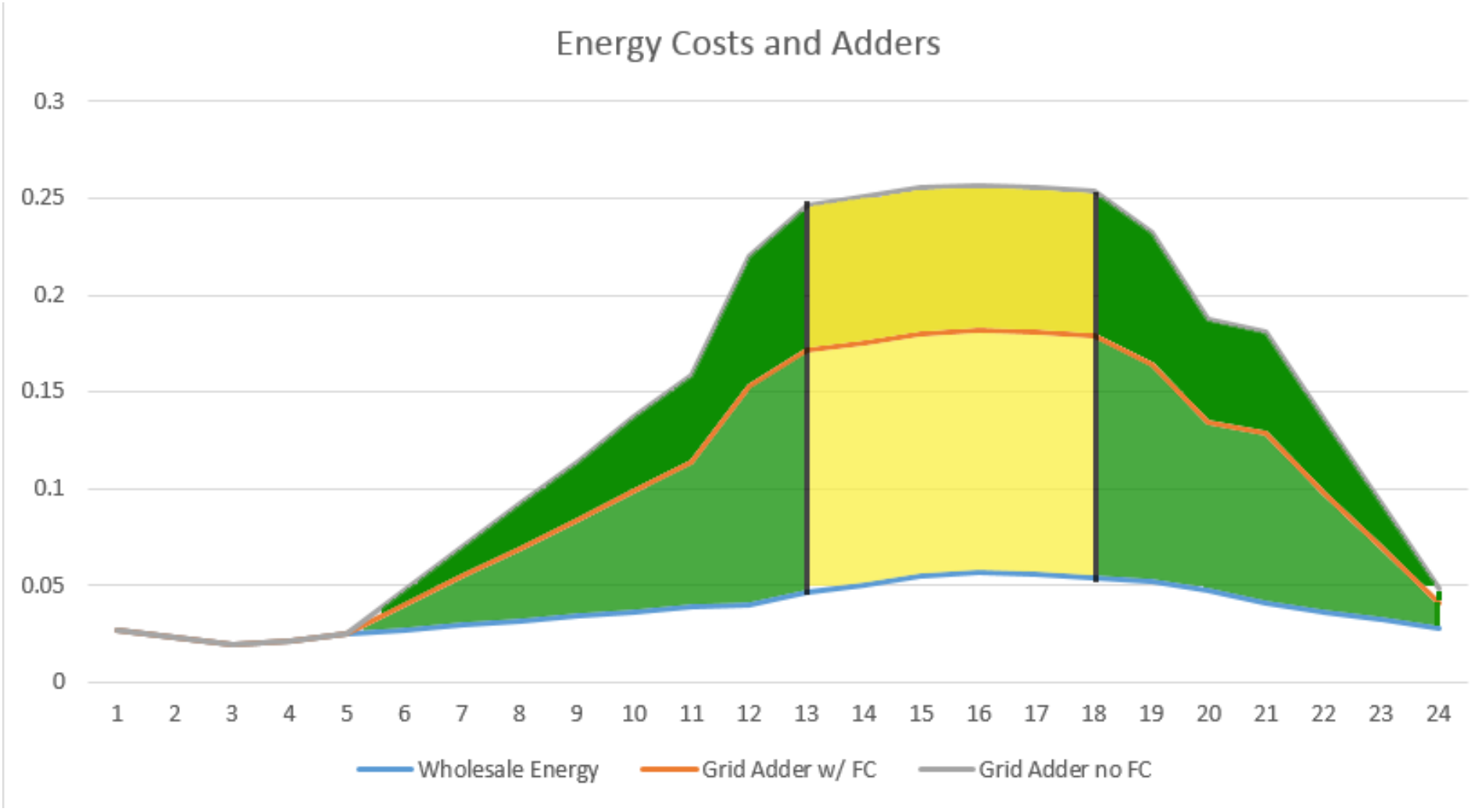
The distinct, integrated elements of DECA's proposal

- Time of Use rates that reflect peak-energy, peak-ramp, and off-peak periods.
- A larger but avoidable grid charge that acts as a capacity payment for consumers.
- The concept of a "net-contributor" metric by which consumers avoid the grid charge as a result of their load profile and participation in a range of Commission program.

Time-of-Use rates that are designed to reduce the diurnal ramp

- Off-peak period that includes only wholesale energy prices
- Peak-energy period that includes a large adder on wholesale energy prices
- Peak-ramp period that includes a transitional adder on wholesale energy prices.

Time-of-Use rate chart



DECA

The avoidable grid charge

Based on a customer's mitigation of grid expenses.

Energy Consumption:

- Lower than average peak-energy consumption

- Higher than average off-peak energy consumption

Program Participation

- Participation in DR, DG, EE programs

The net-contributor concept

A tool for quantifying a customer's mitigation of grid/system expenses.

- Points are earned based on quantified mitigation of system expenses

- Points directly translate to avoidance of fixed charge.

- Points apply to specific category of costs

  - e.g. earning points for peak-energy does not allow avoidance of peak-ramp fixed costs

The net-contributor concept (cont.)

DECA proposes a 50/35/15 split for peak-energy/peak-ramp/off-peak periods.

Energy Consumption examples:

- Lower than average peak-energy consumption (e.g. 50% of typical energy consumption allows for avoidance of 50% of peak-energy based fixed cost, DG that exports to the grid allows for avoidance of 100% of peak-energy fixed costs)

Program Participation

- Commission can provide capacity-like incentive for program participation (e.g. participation in DR program allows for avoidance of 100% of peak-ramp based fixed costs)

Thank You.

Aram Shumavon
a.shumavon@decapower.org